

**THE SPECIAL BOARD MEETING
OF THE
BOARD OF DIRECTORS
TRABUCO CANYON WATER DISTRICT
OCTOBER 11, 2011**

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Mike Safranski at 6:02 p.m. at Trabuco Canyon Water District's office located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Mr. Robert E. Anslow, TCWD Legal Counsel, stated Director Matt Disston is participating in TCWD's Special Board Meeting tonight from Berkeley, California and has met teleconferencing meeting requirements, as provided by the Ralph M. Brown act. Mr. Anslow verified a quorum of the TCWD Board of Directors is present within District boundaries for the Special Board Meeting. Mr. Anslow instructed Director Disston to advise if he cannot hear the proceedings at any time. Mr. Anslow asked Director Disston to confirm he was currently at the location of the Moffitt Undergraduate Library on the Campus of University of California at Berkely, at the Free Speech Café on Wickson Road. Mr. Disston responded, "I am." Mr. Anslow asked Director Disston to verify he had posted a copy of the October 11, 2011 Special Board Meeting in a Public location, at the agendized location, prior to 6:00 p.m. on October 10, 2011. Director Disston replied, "I did." Mr. Anslow confirmed that Director Disston is using a conference phone devise for the purposes of allowing any interested members of the public to participate. Director Disston stated, "I am." Mr. Anslow instructed Director Disston to alert the committee if there is a member of the public wishing to address a particular item, to speak up at that time. Mr. Anslow further advised Director Disston and the other members of the committee that all items which require an action will have an oral roll call vote. Director Disston acknowledged this information. Mrs. Teresa Teichman, Secretary to the Board of Directors, recorded and transcribed the minutes thereof.

1 **DIRECTORS PRESENT**

2 Mike Safranski, President
3 Ed Mandich, Vice President
4 Glenn Acosta, Director
5 Jim Haselton, Director

6 **DIRECTORS PARTICIPATING, VIA TELECONFERENCE, FROM A REMOTE LOCATION**

7 Matt Disston, Director

8 **STAFF PRESENT**

9 Don Chadd, General Manager
10 Hector Ruiz, District Engineer
11 Teresa Teichman, Secretary to the Board of Directors
12 Michael Perea, Special Projects Manager
13 Karen Warner, Accounting Supervisor

14 **PUBLIC PRESENT**

15 There was one member of the public present.

16 **PLEDGE OF ALLEGIANCE**

17 Vice President Mandich, led the Board and staff in the pledge of allegiance.

18 **VISITOR COMMENTS**

19 There were no visitor comments.

20 **ORAL COMMUNICATION**

21 One member of the public completed a Speaker Card to address item 1B.

22 **DIRECTOR'S COMMENTS**

23 There were no Director comments.

24 **REPORT FROM THE GENERAL MANAGER**

25 Mr. Chadd stated there is nothing that is not already covered under the agenda.

26 **ITEMS TOO LATE TO BE AGENDIZED**

27 There were no items too late to be agendized.
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1 **ACTION CALENDAR**

2 President Safranski stated that the General Manager and staff had reviewed all matters
3 under the Action Calendar prior to the Board's consideration.
4

5 **ADMINISTRATIVE MATTERS**

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7 **ITEM NO. 1A CONFIRMATION OF USE OF SPECIAL LEGAL COUNSEL**
8 **SERVICES AND AUTHORIZATION FOR FURTHER**
9 **RETENTION OF SPECIAL LEGAL COUNSEL SERVICES**

Mr. Don Chadd, General Manager, read the staff report stating;

10 Circumstances currently exist within the District which require the
11 services of legal counsel who specializes in employment related
12 issues. Mr. Robert Anslow, of the law firm Bowie, Arneson, Wiles
13 & Giannone, general legal counsel to the District has
14 recommended Ms. Melanie Poturica, a partner with the firm of
15 Liebert Casssidy Whitmore, a professional corporation, to act as
16 Special Counsel for personnel and labor services for the District.
17 Ms. Poturica was contacted in September by the General Manager,
18 after Mr. Anslow recommended her to him, to review the
19 employment related issue. The services of her firm were
20 subsequently engaged by the General Manager on behalf of the
21 District on September 6, 2011, under the General Manager's
22 existing expenditure authority. It is appropriate at this time for the
23 Board of Directors to ratify the actions of the General Manager and
24 it is recommended that the Board take action to approve a contract
25 with this firm for Special Legal Counsel services at this time.

26 Mr. Anslow advised he has worked with Ms. Poturica for over fifteen years and he is of the
27 opinion she is very competent and very talented within her field of expertise.
28

1 **MOTION:** A motion was made by Director Acosta and seconded by Vice President
2 Mandich to:

- 3 1) Ratify the actions of the General Manager to utilize the services of
4 Liebert Cassidy Whitmore, a professional corporation as Special
5 Counsel for the District.
6 2) Approve the legal counsel services agreement for Liebert Cassidy
7 Whitmore, a professional corporation to act as Special Counsel for
8 the District.

9 Mrs. Teichman recorded each Director's vote by roll call. The motion passed 5-0.

10 **ITEM NO. 1B DISCUSSION AND ACTION RELATING TO METROPOLITAN
11 WATER DISTRICT (MET) RATE ADJUSTMENT JANUARY 1,
12 2012**

13 Mr. Chadd provided a power point presentation which covered information including a
14 document from Metropolitan Water District (MET) and Municipal Water District of Orange
15 County (MWDOC) entitled; Metropolitan Water District & MWDOC Projected Water Rates, as
16 of March 30, 2011. This document contained figures of adopted and proposed water rates from
17 2008 through 2020. Mr. Chadd advised, effective January 1, 2012, MET is increasing their
18 wholesale water rates by an average of 7.5%. Mr. Chadd stated this wholesale water rate
19 increase affects both treated and untreated water. Mr. Chadd provided a pie-chart graph and
20 discussed the sources and percentages of water TCWD purchases, noting untreated water
21 represents 83% of purchased water. Mr. Chadd reviewed TCWD expenses related to water
22 purchased including carriage charges, fixed costs, and operation and maintenance costs. Mr.
23 Chadd reviewed another pie-chart graph which depicted TCWD total water expenditures for
24 fiscal year 2010/2011, as a percentage, reflecting salary and benefits at 40%, water purchased at
25 36%, TCWD expenditures at 17% and Operation & Maintenance, along with fixed charges at 7%

26 Mr. Chadd summarized the weighted average of the MET wholesale water rate increase
27 to TCWD is 6.34% which translates to a 2.28% increase in utility billing tiers, or \$0.05 to the
28 base rate of each tier.

 Mr. Chadd advised the Board that Mrs. Karen Warner, Accounting Supervisor, had
gathered and calculated the bulk of the information relating to this presentation and

1 complimented Mrs. Warner for her knowledge and accuracy. Mr. Chadd also stated, TCWD's
2 contract Certified Public Accountant, Ms. Cindy Navaroli, reviewed and complimented the
3 formulas used for the rate methodology and the numbers produced.

4 President Safranski commented to the member of the public, this would be the time for
5 him to address the Board of Directors.

6 Mr. Ed Kent addressed the Board and Staff and stated the charts and graphs presented
7 demonstrate to him that TCWD's rate are increasing due to the choices MET's Board of
8 Directors have taken and specifically spoke to the issue of MET director benefits. Mr. Kent
9 stated he feels the benefits MET Board of Directors has voted to give itself are not in keeping
10 with industry standards and understands these benefit increases ultimately are passed to the rate
11 payer in the form of operating costs. Mr. Kent stated he would like to obtain additional
12 information from TCWD in order to better understand the MET/MWDOC relationship as it
13 relates to charges to TCWD for the purpose of being able to address these two agencies directly.
14 Mr. Chadd provided background information to Mr. Kent on the structure of the MET Board and
15 the appointment process. Mr. Chadd exchanged information with Mr. Kent so that they may
16 have further discussions.

17 Mr. Anslow noted information within the heading title of Attachment "A" and an item on
18 attachment "B", for correction, prior to mailing out the notice to the public
19

20 **MOTION:** A motion was made by Director Acosta and seconded by Vice President to
21 make changes to Attachments "A" and "B" as referenced and to adopt
22 Resolution No. 2010-1162 Determining Compliance with Procedural
23 Requirements, Making Findings, Revising Water Rates and Amending the
Rate Schedules, to be effective for water service provided on or after
January 1, 2012.

24 Mrs. Teichman recorded each Director's vote by roll call. The motion passed 5-0.

25 **END ACTION CALENDAR**
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Mr. Chadd stated there were no other matters.

ADDITIONAL DIRECTORS' COMMENTS

Director Disston question as to whether TCWD should expect to receive an increase directly from MWDOC.

Director Acosta expressed his appreciation to TCWD staff for its efforts in cost containment.

Vice President Mandich complemented staff in being able to keep the increase to district rate payers relatively low.

Director Haselton expressed compliments to MWDOC and MET Director Brett Barbre for his willingness to speak out at a MET Board meeting in an attempt to reduce the MET Director's benefit increases.

President Safranski stated this District Board of Directors and Staff have taken a hard look at expenses over the last eight years and reviewed a number of water wise projects TCWD has initiated and implemented to re-use water. President Safranski stated the Board and Staff will keep their eye on the ball and continue to look for every cost savings opportunity.

ADDITIONAL GENERAL MANAGER COMMENTS

Mr. Chadd stated he had none at this time.

CLOSED SESSION

At 6:43 p.m. President Safranski announced that the Board would conduct one closed session with legal counsel pursuant to Government Code Section 549567.9 (b)(1) as provided for in the agenda.

Mr. Anslow stated that the Board would be meeting in closed session based on existing facts and circumstances with respect to a threat of litigation made against the District, which had

1 been assessed and reviewed by General Legal Counsel to the District, Special Legal Counsel to
2 the District, and the General Manager, as provided for under California Government Code
3 Section 54956.9(b)(1).

4 President Safranski instructed staff to remove themselves from the Boardroom during the
5 closed session with the exception of Mr. Chadd and Mr. Michael Perea, Special Project Manager.

6 At 7:49 p.m. President Safranski summoned staff to return to the Boardroom and
7 reconvened Open Session.
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9 At the request of the Board, Mr. Anslow stated that the Board had met in one closed
10 session pursuant to Government Code Section 54956.9(b)(1) to meet with General Legal
11 Counsel to the District and Special Legal Counsel to the District. The Board had given direction
12 to General Legal Counsel. The Board had given direction to Special Legal Counsel (Leibert,
13 Cassidy & Whitmore) and had authorized Special Legal Counsel to proceed with an independent
14 investigation relative to an employee grievance process.
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16 **ADJOURNMENT**

17 At 7:58 p.m. President Safranski adjourned the October 11, 2011 Special Board Meeting.
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19 Respectfully Submitted,
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21 _____
22 Teresa Teichman
23 Secretary to the Board of Directors
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